

## Message Text

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PAGE 01 PRAGUE 01518 271537Z

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ACTION L-03

INFO OCT-01 EUR-25 ISO-00 EB-11 TRSE-00 FCSC-01 OMB-01

FBO-01 A-01 CIAE-00 INR-10 NSAE-00 RSC-01 SS-20 NSC-07

SP-03 COME-00 M-02 DRC-01 INRE-00 SSO-00 NSCE-00 /088 W

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FM AMEMBASSY PRAGUE

TO SECSTATE WASHDC IMMEDIATE 6488

C O N F I D E N T I A L PRAGUE 1518

E.O. 11652: GDS

TAGS: PFOR, EFIN, L/C, CZ, US

SUBJECT: CLAIMS NEGOTIATIONS -- AGREE ARTICLES

REF: PRAGUE 1502, PRAGUE 1481

1. US AND CZECHOSLOVAK DELEGATIONS HAVE NOW REACHED AGREE-  
MENT ON TEXT OF ARTICLE 1. AGREED LANGUAGE IS DRASTICALLY  
REVISED FROM LANGUAGE IN DRAFT TEXT CITED IN STATE 128600.  
REVISION NECESSARY BECAUSE OF INSISTENCE BY GOC: (1) THAT  
STEEL MILL AND AMOUNT BEING CREDITED TOWARD LUMP SUM SETTLE-  
MENT NOT BE SPECIFICALLY MENTIONED IN AGREEMENT; (2) JANU-  
ARY 1, 1945 DATE (WHICH DATE APPEARS IN US LEGISLATION ON  
CZECH CLAIMS) IS UNREALISTIC AS CZECHOSLOVAK GOVERNMENT  
DID NOT EXERCISE SOVEREIGNTY UNTIL MAY 9, 1945; AND (3) CZECHO-  
SLOVAK FEELINGS THAT SOME INDICATION APPEAR IN AGREEMENT  
WHICH WOULD INDICATE SETTLE MENT OF CZECH CLAIMS AGAINST  
THE US FOR MACHINERY AND OTHER LOSSES EVEN THOUGH ZERO  
VALUE IS PLACED UPON SUCH CLAIMS.

2. REVISED LANGUAGE CITED BELOW CONTAINS ONE SUBSTANTIVE  
CHANGE. SUCH CHANGE RELATES TO GOVERNMENT OF CZECHOSLOVAKIA  
WAIVING ALL OF ITS CLAIMS AGAINST THE US INCLUDING CLAIM FOR ALLEGED  
BALANCE DUE ON STEEL MILL (\$17,000,000 MINUS \$8,990,282, OR  
\$8,009,719) WHICH AROSE BETWEEN MAY 9, 1945 AND DATE OF ENTRY  
INTO FORCE OF AGREEMENT. AT SAME TIME GOVERNMENT OF US  
WAIVES CLAIMS AGAINST GOVERNMENT OF CZECHOSLOVAKIA WHICH  
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PAGE 02 PRAGUE 01518 271537Z

AROSE DURING SUCH PERIOD INCLUDING CLAIMS OF US NATIONALS

WHICH AROSE SINCE JANUARY 1, 1945. THIS WAIVER BY THE GOVERNMENT OF THE US BELIEVED UNIMPORTANT AS CLAIMS OF US GOVERNMENT OTHER THAN THOSE SETTLED IN AGREEMENT BELIEVED TO BE NON-EXISTENT. IF THERE ARE USG CLAIMS OUTSTANDING DURING THIS PERIOD, PLEASE INFORM SOONEST.

3. ARTICLE 1

THE GOVERNMENT OF THE CZECHOSLOVAK SOCIALIST REPUBLIC, HERINAFTER REFERRED TO AS THE CZECHOSLOVAK GOVERNMENT, AGREES TO PAY AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA, HERINAFTER REFERRED TO AS THE GOVERNMENT OF THE UNITED STATES, AGREES TO ACCEPT THE FURTHER SUM OF \$20,500,000 UNITED STATES CURRENCY IN FULL SETTLEMENT AND DISCHARGE OF ALL OUTSTANDING AND UNSETTLED MUTUAL CLAIMS NOT OTHERWISE RESOLVED IN THIS AGREEMENT WHICH AROSE BETWEEN MAY 9, 1945 AND THE DATE OF ENTRY INTO FORCE OF THIS AGREEMENT INCLUDING CLAIMS OF NATIONALS OF THE UNITED STATES BASED UPON THE NATIONALIZATION OR OTHER TAKING BY CZECHOSLOVAKIA OF PROPERTIES, RIGHTS OR INTERESTS WHICH HAVE BEEN ADJUDICATED BY THE GOVERNMENT OF THE UNITED STATES PRIOR HERETO AND THOSE WHICH AROSE SUBSEQUENT TO THE LEGISLATION AUTHORIZING SUCH ADJUDICATION AND THE DATE OF ENTRY INTO FORCE OF THIS AGREEMENT.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AGREEMENT DRAFT, NATIONALIZATION, DEBT AGREEMENTS, NEGOTIATIONS, AMENDMENTS, TREATY ENTRY INTO FORCE, STEEL PLANTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 JUN 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** boyleja  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974PRAGUE01518  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D740170-0223  
**From:** PRAGUE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t1974068/aaaaagnr.tel  
**Line Count:** 86  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION L  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** PRAGUE 1502, PRAGUE 1481  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** boyleja  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 17 APR 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <17 APR 2002 by kelleyw0>; APPROVED <23-Sep-2002 by boyleja>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CLAIMS NEGOTIATIONS -- AGREE ARTICLES  
**TAGS:** PFOR, EFIN, CZ, US  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005